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|--------------|-------|-----------|---------------------------------------|--------------------|------|-----------|------|------------|
| RECENT PRICE | 65.92 | P/E RATIO | 31.4 (Trailing: 32.0 Median: 21.0) | RELATIVE P/E RATIO | 1.53 | DIV'D YLD | 1.6% | VALUE LINE |
|--------------|-------|-----------|---------------------------------------|--------------------|------|-----------|------|------------|

18-Month Target Price Range

Low-High Midpoint (% to Mid)

\$52-\$99 \$76 (15%)

Shaded area indicates recession

48

32

24

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | © VALUE LINE PUB. LLC | 23-25 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---|-------|----------------------------------|-------|
| 6.25 | 6.44 | 6.16 | 6.50 | 6.79 | 6.75 | 6.60 | 6.50 | 6.98 | 7.19 | 7.26 | 7.77 | 8.16 | 8.00 | 8.42 | 7.72 | 8.20 | 8.45 | Revenues per sh | 9.15 |
| 1.28 | 1.33 | 1.33 | 1.49 | 1.53 | 1.40 | 1.55 | 1.46 | 1.56 | 1.72 | 1.84 | 1.97 | 2.17 | 2.24 | 2.89 | 2.90 | 2.95 | 3.10 | "Cash Flow" per sh | 3.50 |
| .73 | .71 | .82 | .87 | .89 | .72 | .96 | .84 | .90 | 1.03 | 1.13 | 1.22 | 1.38 | 1.38 | 1.96 | 2.01 | 2.10 | 2.20 | Earnings per sh ^A | 2.50 |
| .66 | .67 | .68 | .69 | .70 | .71 | .72 | .73 | .74 | .75 | .76 | .78 | .81 | .86 | .91 | .98 | 1.04 | 1.10 | Div'd Decl'd per sh ^B | 1.25 |
| 2.54 | 2.18 | 2.31 | 1.66 | 2.12 | 1.49 | 1.90 | 1.50 | 1.36 | 1.26 | 1.40 | 1.59 | 2.91 | 3.08 | 4.40 | 5.11 | 3.50 | 3.50 | Cap'l Spending per sh | 3.50 |
| 8.02 | 8.26 | 9.52 | 10.05 | 10.03 | 10.33 | 11.13 | 11.27 | 11.48 | 11.82 | 12.24 | 12.74 | 13.40 | 14.02 | 15.17 | 18.57 | 16.15 | 16.50 | Book Value per sh | 17.35 |
| 11.36 | 11.58 | 13.17 | 13.25 | 13.40 | 13.52 | 15.57 | 15.70 | 15.82 | 15.96 | 16.12 | 16.23 | 16.30 | 16.35 | 16.40 | 17.43 | 17.65 | 17.75 | Common Shs Outst'g ^C | 18.00 |
| 26.4 | 27.4 | 22.7 | 21.6 | 19.8 | 21.0 | 17.8 | 21.7 | 20.8 | 19.7 | 18.5 | 19.1 | 25.6 | 28.4 | 22.2 | 29.7 | <i>Bold figures are Value Line estimates</i> | | Avg Ann'l P/E Ratio | 23.0 |
| 1.39 | 1.46 | 1.23 | 1.15 | 1.19 | 1.40 | 1.13 | 1.36 | 1.32 | 1.11 | .97 | .96 | 1.34 | 1.43 | 1.20 | 1.61 | | | Relative P/E Ratio | 1.30 |
| 3.4% | 3.5% | 3.7% | 3.7% | 4.0% | 4.7% | 4.2% | 4.0% | 4.0% | 3.7% | 3.7% | 3.3% | 2.3% | 2.2% | 2.1% | 1.6% | | | Avg Ann'l Div'd Yield | 2.2% |

| CURRENT POSITION | 2018 | 2019 | 3/31/20 | |
|------------------|-----------|------|---------|---|
| | (\$MILL.) | | | |
| Cash Assets | 3.7 | 2.2 | 15.4 | BUSINESS: Middlesex Water Company engages in the ownership and operation of regulated water utility systems in New Jersey, Delaware, and Pennsylvania. It also operates water and wastewater systems under contract on behalf of municipal and private clients in NJ and DE. Its Middlesex System provides water services to 61,000 retail customers, primarily in Middlesex County, New Jersey. In 2019, the Middlesex System accounted for 60% of operating revenues. At 12/31/19, the company had 352 employees. Incorporated: NJ. President, CEO, and Chairman: Dennis W. Doll. Officers & directors own 3.1% of the com. stock; BlackRock Inst. Trust Co., 7.7% (4/20 proxy). Add: 485 C Route 1 South, Suite 400, Iselin, NJ 08830. Tel.: 732-634-1500. Int.: www.middlesexwater.com . |
| Other | 27.1 | 26.9 | 24.6 | |
| Current Assets | 30.8 | 29.1 | 40.0 | |
| Accts Payable | 19.3 | 23.3 | 24.1 | |
| Debt Due | 55.8 | 27.2 | 40.7 | |
| Other | 19.3 | 14.5 | 15.7 | |

| Calendar | QUARTERLY REVENUES (\$ mill.) | | | | Full Year |
|----------|-------------------------------|---------|---------|---------|-----------|
| | Mar.31 | Jun. 30 | Sep. 30 | Dec. 31 | |
| 2017 | 30.1 | 33.0 | 36.2 | 31.5 | 130.8 |
| 2018 | 31.2 | 34.9 | 38.7 | 33.5 | 138.1 |
| 2019 | 30.7 | 33.4 | 37.8 | 32.7 | 134.6 |
| 2020 | 31.8 | 36.0 | 42.0 | 35.2 | 145 |
| 2021 | 33.0 | 37.0 | 44.0 | 36.0 | 150 |

| | | | | | | | |
|-----------|-----------------------------|--------|--------|--------|-----------|---|--|
| 2021 | .45 | .52 | .73 | .50 | 2.20 | period earnings of \$0.44 beat our estimate by \$0.04, advancing 13% from the previous-year figure. We are maintaining our current-year top- and bottom-line forecasts of \$145 million and \$2.10 per share, respectively. Our optimistic projections for the next few quarters factor in several tailwinds, spurred by the COVID-19 | beyond the upper boundary of our 3- to 5-year Target Price Range, even after applying a more generous P/E multiple. In fact, seasoned investors may want to consider taking some profits off the table. The issue probably won't appeal to income-seekers, either. |
| Cal-endar | QUARTERLY DIVIDENDS PAID \$ | | | | Full Year | | |
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | | | |
| 2016 | .19875 | .19875 | .19875 | .21125 | .81 | | |
| 2017 | .21125 | .21125 | .21125 | .22375 | .86 | | |
| 2018 | .22375 | .22375 | .22375 | .24 | .91 | | |
| 2019 | .24 | .24 | .24 | .2562 | .98 | | |
| 2020 | .2562 | .2562 | | | | | |

pandemic. These include a notable increase in the frequency of hand washing, as well as an uptick in appliance usage due to a greater percentage of residents staying at home. In addition, the uncertainty of public summer activities appears to have sparked demand for backyard pools of late, which augurs well for near-term water consumption.

The company's long-term infrastructure upgrade plans are still intact. Middlesex encountered minimal disruption to current projects, even at the height of the crisis, and should fully exhaust its \$300 million budget under its Water for Tomorrow program, which aims to bolster the company's distribution systems.

Buy-and-hold accounts should remain on the sidelines, for now. At the recent quotation, MSEX shares are trading beyond the upper boundary of our 3- to 5-year Target Price Range, even after applying a more generous P/E multiple. In fact, seasoned investors may want to consider taking some profits off the table. The issue probably won't appeal to income-seekers, either.

Nicholas D. Patrikios July 10, 2020

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|---|---|------------------|--|--------------------------------------|
| (A) Diluted earnings. Next earnings report due late July. | (B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available | (C) In millions. | Company's Financial Strength Stock's Price Stability Price Growth Persistence | B++ 80 55 |
|---|---|------------------|--|--------------------------------------|

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